GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3312
ANSWERED ON:12.05.2006
PROPOSAL TO HARNESS CAPTIVE GENERATION AND CO GENERATION
Vallabbhaneni Shri Balashowry

Will the Minister of POWER be pleased to state:

(a) whether the Central Electricity Authority proposes to harness captive generation and co-generation;

(b) if so, the details thereof; and

(c) the time by which the decision is likely to be taken in this regard?

Answer

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE)

(a) to (c) : The National Electricity Policy (NEP) states that a large number of captive and standby generating stations in India have surplus capacity that could be supplied to the grid continuously or during certain time periods. These plants offer a sizeable and potentially competitive capacity that could be harnessed for meeting the demand for power. It stipulates that Grid inter-connections for captive generators be facilitated as per section 30 of the Act. The policy states that this should be done on priority basis to enable captive generation to become available as distributed generation along the grid. With regard to Cogeneration and Non Conventional Energy Sources, the NEP states that a significant potential for cogeneration exists in the country, particularly in the sugar industry. Accordingly, State Electricity Regulatory Commissions (SERCs) may promote arrangements between the co-generator and the concerned distribution licensee for purchase of surplus power from such plants. The policy further states that cogeneration system also needs to be encouraged in the overall interest of energy efficiency and also grid stability. The Tariff Policy urges the Electricity Regulatory Commissions to create an enabling environment that encourages captive power plants to be connected to the grid. The policy states the following measures in this regard:- - Such captive plants could inject surplus power into the grid subject to the same regulation as applicable to generating companies. Firm supplies may be bought from captive plants by distribution licensees using the guidelines issued by the Central Government under section 63 of the Act. - The prices should be differentiated for peak and off-peak supply and the tariff should include variable cost of generation at actual levels and reasonable compensation for capacity charges. - Alternatively, a frequency based real time mechanism can be used and the captive generators can be allowed to inject into the grid under the ABT mechanism. -Wheeling charges and other terms and conditions for implementation should be determined in advance by the respective State Commission, duly ensuring that the charges are reasonable and fair. Grid connected captive plants could also supply power to non-captive users connected to the grid through available transmission facilities based on negotiated tariffs. Such sale of electricity would be subject to relevant regulations for open access.Central Electricity Authority has interacted with captive generators for addressing difficulties in harnessing surplus captive power to the grid.